

Summary of Press Conference Comments Made by Kazuhiro Ikebe, FEPC Chairman, on
October 22, 2021

I am Kazuhiro Ikebe, Chairman of the Federation of Electric Power Companies (FEPC).

Today, I will talk about Cabinet approval of the 6th Strategic Energy Plan, securing supply capacity this winter, and industry-wide efforts given TEPCO Holdings' physical protection incidents.

<On the Cabinet approval of the 6th Strategic Energy Plan>

As you may already be aware, the 6th Strategic Energy Plan was approved by the Cabinet today. I would like to express my respect once again to everyone involved, including the members of the Advisory Committee who took the time to carefully discuss the future vision of Japan's energy from a wide range of perspectives. I believe this Plan is very significant as it lays out Japan's strong determination to develop measures for decarbonization without ruling out any possibilities going forward, aiming to become carbon neutral in 2050.

In the last Liberal Democratic Party presidential race, there were active discussions on renewable energy, stable supply of electricity, use of nuclear power and the nuclear fuel cycle, and once again provided an opportunity for the public to revisit the importance of energy policy. In the House of Representatives election currently underway, I look forward to a lively debate on energy policy as the foundation of the nation.

Fossil fuel prices are currently surging worldwide, affecting the supply and price of electricity in Europe, China, and India. This has served as a reminder of the importance of continuing to provide a stable supply of electricity at the lowest possible cost. S+3E, which

aims to simultaneously achieve "stable supply," "economic efficiency," and "environment (consideration to the environment)" with "safety" as a major premise, is vital in energy policy in resource-poor Japan. This requires the realization of a balanced energy mix which involves turning renewable power into a main power source, using nuclear power generation as much as possible predicated upon safety, and the continued use of high-efficiency, low or decarbonized thermal power. We ask that the government continue to propose realistic policies based on scientific evidence to this end.

The 2021 United Nations Climate Change Conference, also known as COP26, starting on October 31, where the rules necessary to promote effective climate measures will be discussed. We believe the demand side also needs to be electrified, in addition to the decarbonization of power sources, to achieve carbon neutrality in 2050. Electrification will need to be advanced as soon as possible taking into account the so-called lock-in effect, where equipment tends to use the same heat source i.e., fossil fuels, that it used when it was introduced even if updated at a later date. With policy support from the government that includes promoting understanding of electrification within society and technological development by manufacturers, we as operators, will also think outside the box in promoting electrification. We will continue to work proactively and comprehensively on both the supply and demand sides to contribute to both the prevention of further global warming and the evolution and development of Japanese society as a whole.

<On securing supply capacity this winter>

Next, I will explain our efforts in securing supply capacity this winter. An Organization for Cross-regional Coordination of Transmission Operators, JAPAN (OCCTO) committee meeting held on the October 14 projected that public solicitations and other measures to procure additional capacity will likely be successful in securing a reserve margin of 3% or more for all periods and areas in January and February in FY2021.

Yesterday, the Agency for Natural Resources and Energy held a liaison conference on electricity and gas supply and demand and fuel procurement with the Secretary of the Agency for Natural Resources and Energy, gas utilities, and trading companies in attendance. At this meeting, I made a statement representing the utilities on the stable supply of electricity.

First, regarding LNG procurement: in the tightening global LNG market, spot prices are soaring. All electric utilities procure LNG mainly through long-term contracts, and we do not foresee a fuel shortage at this time. At the same time, we will remain on guard in ensuring we can secure fuel stably this winter while also assessing fuel surplus risk to be able to act quickly should issues arise with the support of kWh monitoring by OCCTO.

Next, on our facility side measures: last winter's tight demand and supply balance was due to multiple factors including a sharp increase in demand due to the cold weather, problems in upstream LNG production facilities compounded by problems in domestic power generation facilities. This winter, we have coordinated among utilities so that most facility repairs will not coincide with the heavy demand for winter, and all utilities are diligently implementing thorough routine maintenance management to do our utmost to prevent problems that may directly reduce supply capacity.

<On industry-wide efforts given TEPCO Holdings' physical protection incidents >

Finally, I would like to talk about our industry-wide efforts given TEPCO Holdings' physical protection incidents. On September 22, TEPCO Holdings submitted a report on improvement measures to address the unauthorized use of ID cards and partial loss of function of physical protection facilities at Kashiwazaki-Kariwa Nuclear Power Station. In the report, TEPCO committed to identify detailed causes of the incidents, implement necessary measures and

steadily conduct activities to improve safety and work quality in the plant based on findings from the independent verification committee.

We are aware that the Nuclear Regulation Authority will be conducting additional inspections but as nuclear operators, we are also working to incorporate external learnings to the extent possible, rather than turning our backs on new initiatives because information related to the protection of nuclear materials cannot be disclosed to the outside world. Specifically, we are comparing and checking each other's rules and operational practices regarding physical safety with a critical eye having signed confidentiality agreements and implemented strict information management. In doing so, we are trying to identify and improve upon weaknesses and roll out good practices to other companies to raise the overall level of our physical protection response.

We have conducted mutual reviews on actual operational practices on the field at JAPC's Tsuruga Nuclear Power Station, TEPCO's Kashiwazaki-Kariwa Nuclear Power Station and Fukushima Daini Power Station. We have identified findings, such that the rules for managing deadlines in case of equipment failure should be clarified, and these findings are being rolled out to the entire company and are being referenced by other utilities in making improvements. We plan to conduct mutual reviews at all companies with physical protection programs by the end of this fiscal year.

Improvement measures reported by TEPCO have been shared with all nuclear operators. Operators are currently reviewing the measures and deciding on their response while reflecting on their own nuclear security culture, for example to see if there is a culture of openness in the physical security department. We are also working to improve utilities' safety culture in general by having JANSI evaluate the effectiveness of the self-evaluation process of each utility and are improving upon the processes. As an industry, we take

these series of incidents very seriously and will proactively address issues in response to the TEPCO's report.

This concludes my remarks for today.

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